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CIA Control No. 457289
EIC-M-50
31 January 1956

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 2125, Temporary M Building
26th Street & Constitution Ave., N. W.

26 January 1956

PRESENT

25X1A9a Dr. Otto E. Guthe, CIA, Chairman
[REDACTED], CIA, Vice Chairman
Col. William C. Baird, Air Force
Mr. Edward Doherty, State
Mr. John Easton, JCS
Mr. Kingsley Hamilton, Air Force
Cdr. Robert E. Hawthorne, Navy
Mr. Duncan Holmes, Army
25X1A9a Cdr. Burns Spore, Navy
25X1A9a Mr. Edmund Brunner, AF, Chairman, Subcommittee on Armaments*
[REDACTED] CIA, Secretary, Subcommittee on Armaments*
[REDACTED], CIA*
25X1A9a Miss Margaret Tobin, Army*
[REDACTED] EIC, Principal Staff Economist
[REDACTED], EIC, Executive Secretary

APPROVAL OF MINUTES

1. The minutes of the EIC meeting of 20 December 1955 (EIC-M-49) were approved after minor modification.

ANNOUNCEMENTS

2. Commander Burns Spore introduced his successor, Commander Robert E. Hawthorne, ONI, as the future Navy representative on the EIC. Dr. Guthe, as Chairman, expressed the appreciation of the entire membership for the cooperation and support which Commander Spore has provided to the EIC over the past fifteen months.

* Present during only part of meeting.

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3. The Chairman reported that [REDACTED], Executive Secretary of the EIC Subcommittee on Requirements and Facilities for Collation, had assisted the Subcommittee on Electronics and Telecommunications in considering its collection requirements problems. These discussions had proven most helpful and the Chairman will encourage similar working relationships with other subcommittees.

4. The Chairman suggested that members ought soon to consider the future of the EIC-R1 series on China trade and transport -- in particular the nature of any EIC-R1-S5 exercise which might be undertaken to cover the year 1955. There is general agreement that another [REDACTED] exercise should involve a substantial reduction in the workload which was required for the production of EIC-R1-S4 last year. Members were asked to explore their agencies' views, and to present suggestions at an early meeting. 25X1X7

COORDINATION OF EXCHANGE VISITORS

5. Discussion: The Chairman was asked about the status of inter-agency arrangements for coordinating recommendations on proposed exchanges of visitors with countries of the Sino-Soviet Bloc. He reported that the IAC has established a group to look into the positive intelligence side, at the same time recognizing that the internal security aspects are an important element in arriving at a determination of net advantage. Several members expressed doubt as to the advisability of attempting to deal separately with these two aspects. It was generally felt that the findings of the IAC group are needed to guide the EIC in considering its function in the review of the positive intelligence potential of such exchanges.

REVIEW OF EIC SUBCOMMITTEE ON ARMAMENTS

6. Discussion: The Chairman of the Subcommittee presented alternative suggestions for handling future EIC responsibilities in the field of armaments. In the discussion which followed, and in which the Chairman of the Subcommittee on Armaments participated, several proposals were advanced by EIC members. These included:

(a) A proposal by the Chairman of the EIC that the Armaments Subcommittee be reconstituted to emphasize review and supervisory functions -- supplemented by "ad hoc" working groups to provide coordination required for the study of detailed problems of land or air armaments as recognized by the Subcommittee.

(b) A G-2 suggestion that an Armaments Subcommittee might be primarily responsible for review, coordination and preparation of intelligence on "the armaments industry in relation to the overall Sino-Soviet economy", in addition to preparing or coordinating other studies "as directed."

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(c) A proposal by the State Department representative that the function of reviewing the overall state of armaments intelligence be handled by the EIC itself -- with special "ad hoc" working groups set up as particular problems might require detailed coordination.

7. The importance of intelligence on armaments production to the study of overall economic capabilities of any country was stressed. It was, therefore, suggested that EIC arrangements for dealing with this question might well be considered when the EIC reviews its Subcommittee on General Economic Analysis.

8. Action: It was agreed:

a. (by majority vote) to accept the recommendation of the Subcommittee on Armaments that the present subcommittee be abolished, and

b. that further discussion of arrangements for discharging EIC responsibilities in the field of armaments should be postponed.

REVISED REPORT OF GUIDED MISSILES WORKING GROUP

9. Discussion: The revised report of the EIC Working Group on Guided Missiles (dated 21 December 1955) was considered together with written reservations noted by the JIG member of this Working Group. The Air Force member proposed that the report be noted and that the Working Group be continued until further notice. He suggested, however, that action to obtain the counterpart data requested should be held up until a further investigation has been made of the possibility of making use of Service officers already stationed in appropriate plants as the means of contact, rather than CIA OO channels. The Navy member of the EIC stated that in his view the revised report was inadequate, as it did not include the recommendations called for, in Paragraph 3 of the Working Group's terms of reference, as to the objectives of economic intelligence research, the collection requirements necessary, and the analytical methods to be employed. The Chairman commented that the Working Group had frankly stated that -- in their view -- accomplishment of this part of their terms of reference was dependent upon the prior obtaining of counterpart data on US production of guided missiles. He called on [REDACTED] of ORR to explain more fully the need for more detailed knowledge of US plant practices and cost relationships before the research objectives and methods in this field can be set forth in concrete terms.

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10. Action: In view of the lateness of the hour it was agreed that the EIC would meet again on Thursday, 2 February 1956 at 1400 hours to consider further the report and recommendations of its Working Group on Guided Missiles.

ANNOUNCEMENT OF NEW MEMBERS

11. The Secretariat distributed lists of new representatives recently designated to the EIC and its various subcommittees and working groups.

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Executive Secretary
Economic Intelligence Committee

Distribution:
at EIC meeting of 2 Feb
Boherty
Easton
Holmes
Baird
Harvie

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